



3015 (02-09-04)

ANNUAL REPORT

OF

Name: PHELPS SANITARY DISTRICT NO. 1

Principal Office: P.O. BOX 227
PHELPS, WI 54554

For the Year Ended: DECEMBER 31, 1998

**WATER, ELECTRIC, OR JOINT UTILITY
TO
PUBLIC SERVICE COMMISSION OF WISCONSIN**P.O. Box 7854
Madison, WI 53707-7854
(608) 266-3766

This form is required under Wis. Stat. § 196.07. Failure to file the form by the statutory filing date can result in the imposition of a penalty under Wis. Stat. § 196.66. The penalty which can be imposed by this section of the statutes is a forfeiture of not less than \$25 nor more than \$5,000 for each violation. Each day subsequent to the filing date constitutes a separate and distinct violation. The filed form is available to the public and personally identifiable information may be used for purposes other than those related to public utility regulation.

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IDENTIFICATION AND OWNERSHIP

Exact Utility Name: PHELPS SANITARY DISTRICT NO. 1

Utility Address: P.O. BOX 227
PHELPS, WI 54554

When was utility organized? 4/3/1969

Report any change in name: N/A

Effective Date:

Utility Web Site:

Utility employee in charge of correspondence concerning this report:

Name: MR JOHN BARRON
Title: UTILITY COMMISSIONER

Office Address:
P.O. BOX 227
PHELPS, WI 54554

Telephone: (715) 545 - 2844

Fax Number: (715) 545 - 3725

E-mail Address: barron@newnorth.net

Individual or firm, if other than utility employee, preparing this report:

Name: MRS LYNNE A LLOYD
Title: BOOKKEEPER

Office Address: LLOYD ENTERPRISES
2374 MAPLE BRANCH
PHELPS, WI 54554

Telephone: (715) 545 - 3923

Fax Number: (715) 545 - 3923

E-mail Address: nwlloyds@newnorth.net

Are records of utility audited by individuals or firms, other than utility employee? YES

Individual or firm, if other than utility employee, auditing utility records:

Name: MR STEVEN L. SCHMEISSER CPA
Title: AUDITOR

Office Address: SCHENKE & ASSOCIATES
P.O. BOX 11768
GREEN BAY, WI 54307

Telephone: (920) 496 - 3100

Fax Number: (920) 496 - 3111

E-mail Address:

Date of most recent audit report: 3/26/1999

Period covered by most recent audit: 01/01/1998 to 12/31/1998

IDENTIFICATION AND OWNERSHIP

Names and titles of utility management including manager or superintendent:

Name: NONE

Title:

Office Address:

Telephone:

Fax Number:

E-mail Address:

Name of utility commission/committee: n/a

Names of members of utility commission/committee:

MR JAMES ADAMS, SECRETARY

MR JOHN BARRON, PRESIDENT

MR THOMAS HEIMERL, TREASURER

Is sewer service rendered by the utility? NO

If "yes," has the municipality, by ordinance, combined the water and sewer service into a single public utility, as provided by Wis. Stat. § 66.077 of the Wisconsin Statutes? NO

Date of Ordinance: [REDACTED]

Are any of the utility administrative or operational functions under contract or agreement with an outside provider for the year covered by this annual report and/or current year (i.e., operation of water or sewer treatment plant)? NO

Provide the following information regarding the provider(s) of contract services:

Firm Name: N/A

Contact Person:

Title:

Telephone:

Fax Number:

E-mail Address:

Contract/Agreement beginning-ending dates:

Provide a brief description of the nature of Contract Operations being provided:

INCOME STATEMENT

Particulars (a)	This Year (b)	Last Year (c)	
UTILITY OPERATING INCOME			
Operating Revenues (400)	66,092	65,243	1
Operating Expenses:			
Operation and Maintenance Expense (401)	35,917	32,207	2
Depreciation Expense (403)	18,936	15,108	3
Amortization Expense (404)	0	0	4
Taxes (408)	1,333	898	5
Total Operating Expenses	56,186	48,213	
Net Operating Income	9,906	17,030	
Income from Utility Plant Leased to Others (412-413)	0	0	6
Utility Operating Income	9,906	17,030	
OTHER INCOME			
Income from Merchandising, Jobbing and Contract Work (415-416)	0	0	7
Nonoperating Rental Income (418)	0	0	8
Interest and Dividend Income (419)	5,471	4,165	9
Miscellaneous Nonoperating Income (421)	30,921	13,438	10
Total Other Income	36,392	17,603	
Total Income	46,298	34,633	
MISCELLANEOUS INCOME DEDUCTIONS			
Miscellaneous Amortization (425)	0	0	11
Other Income Deductions (426)	0	0	12
Total Miscellaneous Income Deductions	0	0	
Income Before Interest Charges	46,298	34,633	
INTEREST CHARGES			
Interest on Long-Term Debt (427)	56,715	57,538	13
Amortization of Debt Discount and Expense (428)	0	0	14
Amortization of Premium on Debt--Cr. (429)	0	0	15
Interest on Debt to Municipality (430)	0	0	16
Other Interest Expense (431)	0	0	17
Interest Charged to Construction--Cr. (432)	0	0	18
Total Interest Charges	56,715	57,538	
Net Income	(10,417)	(22,905)	
EARNED SURPLUS			
Unappropriated Earned Surplus (Beginning of Year) (216)	(235,992)	(213,087)	19
Balance Transferred from Income (433)	(10,417)	(22,905)	20
Miscellaneous Credits to Surplus (434)	0	0	21
Miscellaneous Debits to Surplus--Debit (435)	0	0	22
Appropriations of Surplus--Debit (436)	0	0	23
Appropriations of Income to Municipal Funds--Debit (439)	0	0	24
Total Unappropriated Earned Surplus End of Year (216)	(246,409)	(235,992)	

INCOME STATEMENT ACCOUNT DETAILS

1. Report each item (when individually or when like items are combined) greater than \$10,000 (class AB), \$5,000 (class C) and \$2,000 (class D) and all other lesser amounts grouped as Miscellaneous. Describe fully using other than account titles.
 2. Nonregulated sewer income should be reported as Miscellaneous Nonoperating Income, Account 421.

Description of Item (a)	Amount (b)	
Revenues from Utility Plant Leased to Others (412):		
NONE	0	1
Total (Acct. 412):	0	
Expenses of Utility Plant Leased to Others (413):		
NONE	0	2
Total (Acct. 413):	0	
Nonoperating Rental Income (418):		
NONE	0	3
Total (Acct. 418):	0	
Interest and Dividend Income (419):		
INTEREST FROM CD'S AND CHECKING ACCOUNT	5,471	4
Total (Acct. 419):	5,471	
Miscellaneous Nonoperating Income (421):		
SEWER INCOME	30,921	5
Total (Acct. 421):	30,921	
Miscellaneous Amortization (425):		
NONE	0	6
Total (Acct. 425):	0	
Other Income Deductions (426):		
NONE	0	7
Total (Acct. 426):	0	
Miscellaneous Credits to Surplus (434):		
NONE	0	8
Total (Acct. 434):	0	
Miscellaneous Debits to Surplus (435):		
NONE	0	9
Total (Acct. 435)--Debit:	0	
Appropriations of Surplus (436):		
Detail appropriations to (from) account 215	0	10
Total (Acct. 436)--Debit:	0	
Appropriations of Income to Municipal Funds (439):		
NONE	0	11
Total (Acct. 439)--Debit:	0	

INCOME FROM MERCHANDISING, JOBBING & CONTRACT WORK (ACCTS. 415-416)

Particulars (a)	Water (b)	Electric (c)	Sewer (d)	Gas (e)	Total (f)		
Revenues (account 415)	0	0	0	0	0	0	1
Costs and Expenses of Merchandising, Jobbing and Contract Work (416):							
Cost of merchandise sold	0					0	2
Payroll	0					0	3
Materials	0					0	4
Taxes	0					0	5
Other (list by major classes):							
NONE						0	6
Total costs and expenses	0	0	0	0	0	0	
Net income (or loss)	0	0	0	0	0	0	

REVENUES SUBJECT TO WISCONSIN REMAINDER ASSESSMENT

1. Report data necessary to calculate revenue subject to Wisconsin remainder assessment pursuant to Wis. Stat. § 196.85(2) and Wis. Admin. Code Ch. PSC 5.
 2. If the sewer department is not regulated by the PSC, do not report sewer department data in column (d).

Description (a)	Water Utility (b)	Electric Utility (c)	Sewer Utility (Regulated Only) (d)	Gas Utility (e)	Total (f)	
Total operating revenues	66,092	0	0	0	66,092	1
Less: interdepartmental sales	0		0	0	0	2
Less: interdepartmental rents					0	3
Less: return on net investment in meters charged to regulated sewer department. (Do not report if nonregulated sewer.)	0				0	4
Less: uncollectibles directly expensed as reported in water acct. 904 (690 class D), sewer acct. 843, and electric acct. 904 (590 class D) -or- Net write-offs when Accumulated Provision for Uncollectible Accounts (acct. 144) is maintained					0	5
Other Increases or (Decreases) to Operating Revenues - Specify:						
NONE					0	6
Revenues subject to Wisconsin Remainder Assessment	66,092	0	0	0	66,092	

BALANCE SHEET

Assets and Other Debits (a)	Balance End of Year (b)	Balance First of Year (c)	
UTILITY PLANT			
Utility Plant (100)	960,654	952,958	1
Less: Accumulated Provision for Depreciation and Amortization of Utility Plant (110)	154,385	134,553	2
Net Utility Plant	806,269	818,405	
OTHER PROPERTY AND INVESTMENTS			
Nonutility Property (121)	1,423,403	1,423,403	3
Less: Accumulated Provision for Depreciation and Amortization of Nonutility Property (122)	351,397	317,108	4
Net Nonutility Property	1,072,006	1,106,295	
Investment in Municipality (123)	0	0	5
Other Investments (124)	0	0	6
Special Funds (125)	45,635	55,928	7
Total Other Property and Investments	1,117,641	1,162,223	
CURRENT AND ACCRUED ASSETS			
Cash and Working Funds (131)	67,783	42,166	8
Temporary Cash Investments (132)	0	0	9
Notes Receivable (141)	0	0	10
Customer Accounts Receivable (142)	3,123	2,592	11
Other Accounts Receivable (143)	23,139	26,218	12
Accumulated Provision for Uncollectible Accounts- -Cr. (144)	0	0	13
Receivables from Municipality (145)	12,358	6,690	14
Materials and Supplies (150)	1,567	1,043	15
Prepayments (165)	2,918	2,019	16
Other Current and Accrued Assets (170)	0		17
Total Current and Accrued Assets	110,888	80,728	
DEFERRED DEBITS			
Unamortized Debt Discount and Expense (181)	0	0	18
Extraordinary Property Losses (182)	0	0	19
Other Deferred Debits (183)	5,807	6,637	20
Total Deferred Debits	5,807	6,637	
Total Assets and Other Debits	2,040,605	2,067,993	

BALANCE SHEET

Liabilities and Other Credits (a)	Balance End of Year (b)	Balance First of Year (c)	
PROPRIETARY CAPITAL			
Capital Paid in by Municipality (200)	0	0	21
Appropriated Earned Surplus (215)	0	0	22
Unappropriated Earned Surplus (216)	(246,409)	(235,992)	23
Total Proprietary Capital	(246,409)	(235,992)	
LONG-TERM DEBT			
Bonds (221)	1,138,800	1,156,000	24
Advances from Municipality (223)	0	0	25
Other long-Term Debt (224)	0	0	26
Total Long-Term Debt	1,138,800	1,156,000	
CURRENT AND ACCRUED LIABILITIES			
Notes Payable (231)	0	0	27
Accounts Payable (232)	2,660	3,263	28
Payables to Municipality (233)	0	0	29
Customer Deposits (235)	0	0	30
Taxes Accrued (236)	1,462	982	31
Interest Accrued (237)	2,993	2,992	32
Other Current and Accrued Liabilities (238)	391	290	33
Total Current and Accrued Liabilities	7,506	7,527	
DEFERRED CREDITS			
Unamortized Premium on Debt (251)	0	0	34
Customer Advances for Construction (252)	0	0	35
Other Deferred Credits (253)	0	0	36
Total Deferred Credits	0	0	
OPERATING RESERVES			
Miscellaneous Operating Reserves (265)	0	0	37
Total Operating Reserves	0	0	
CONTRIBUTIONS IN AID OF CONSTRUCTION			
Contributions in Aid of Construction (271)	1,140,708	1,140,458	38
Total Liabilities and Other Credits	2,040,605	2,067,993	

NET UTILITY PLANT

Report utility plant accounts and related accumulated provisions for depreciation and amortization after allocation of common plant accounts and related provisions for depreciation and amortization to utility departments as of December 31.

Particulars (a)	Water (b)	Sewer (c)	Gas (d)	Electric (e)	
Plant Accounts:					
Utility Plant in Service (100)	960,654	0	0	0	1
Utility Plant Purchased or Sold (391)	0				2
Utility Plant in Process of Reclassification (392)	0				3
Utility Plant Leased to Others (393)	0				4
Property Held for Future Use (394)	0				5
Construction Work in Progress (395)	0				6
Utility Plant Acquisition Adjustments (396)	0				7
Other Utility Plant Adjustments (397)	0				8
Total Utility Plant	960,654	0	0	0	
Accumulated Provision for Depreciation and Amortization:					
Accumulated Provision for Depreciation of Utility Plant in Service (110)	154,385	0	0	0	9
Total Accumulated Provision	154,385	0	0	0	
Net Utility Plant	806,269	0	0	0	

ACCUMULATED PROVISION FOR DEPRECIATION AND AMORTIZATION OF UTILITY PLANT

Depreciation Accruals (Credits) during the year:

1. Report the amounts charged in the operating sections to Depreciation Expense (403).
2. If sewer operations are nonregulated, do not report sewer depreciation on this schedule.
3. Report the Depreciation Expense on Meters charged to sewer operations as an addition in the Water column.
If the sewer is also a regulated utility by the PSC, report an equal amount as a reduction in the Sewer column.
4. Report all other accruals charged to other accounts, such as to clearing accounts.

Particulars (a)	Water (b)	(c)	(d)	(e)	Total (f)	
Balance first of year	134,553				134,553	1
Credits During Year						2
Accruals:						3
Charged depreciation expense (403)	18,936				18,936	4
Depreciation expense on meters						5
charged to sewer (see Note 3)	118				118	6
Accruals charged other						7
accounts (specify):						8
TRANSPORTATION EQUIP.	933				933	9
Salvage					0	10
Other credits (specify):						11
ADJUSTMENT PER PSC	110				110	12
Total credits	20,097	0	0	0	20,097	13
Debits during year						14
Book cost of plant retired	265				265	15
Cost of removal					0	16
Other debits (specify):						17
					0	18
Total debits	265	0	0	0	265	19
Balance End of Year	154,385	0	0	0	154,385	20
Composite Depreciation Rate?	Yes					21
If yes, what is the rate?	59.00%					22

NET NONUTILITY PROPERTY (ACCTS. 121 & 122)

1. Report separately each item of property with a book cost of \$5,000 or more included in account 121.
2. Other items may be grouped by classes of property.
3. Describe in detail any investment in sewer department carried in this account.

Description (a)	Balance First of Year (b)	Additions During Year (c)	Deductions During Year (d)	Balance End of Year (e)	
Nonregulated sewer plant	1,423,403			1,423,403	1
Other (specify):					
NONE	0			0	2
Total Nonutility Property (121)	1,423,403	0	0	1,423,403	
Less accum. prov. depr. & amort. (122)	317,108	34,510	221	351,397	3
Net Nonutility Property	1,106,295	(34,510)	(221)	1,072,006	

ACCUMULATED PROVISION FOR UNCOLLECTIBLE ACCOUNTS-CR. (ACCT. 144)

Particulars (a)	Amount (b)
Balance first of year	0 1
Additions:	
Provision for uncollectibles during year	0 2
Collection of accounts previously written off: Utility Customers	0 3
Collection of accounts previously written off: Others	0 4
Total Additions	0
Deductions:	
Accounts written off during the year: Utility Customers	0 5
Accounts written off during the year: Others	0 6
Total accounts written off	0
Balance end of year	0

MATERIALS AND SUPPLIES

Account (a)	Generation (b)	Transmission (c)	Distribution (d)	Other (e)	Total End of Year (f)	Amount Prior Year (g)
Electric Utility						
Fuel for generation	0	0	0	0	0	0 1
Other	0	0	0	0	0	0 2
Total Electric Utility					<u>0</u>	<u>0</u>

Account	Total End of Year	Amount Prior Year
Electric utility total	0	0 1
Water utility	1,567	1,043 2
Sewer utility		0 3
Gas utility		0 4
Merchandise		0 5
Other materials & supplies		0 6
Total Materials and Supplies	<u>1,567</u>	<u>1,043</u>

**UNAMORTIZED DEBT DISCOUNT & EXPENSE & PREMIUM ON DEBT
(ACCTS. 181 AND 251)**

Report net discount and expense or premium separately for each security issue.

Debt Issue to Which Related (a)	Written Off During Year		Balance End of Year (d)	
	Amount (b)	Account Charged or Credited (c)		
Unamortized debt discount & expense (181)				
N/A	0	0	0	1
Total			0	
Unamortized premium on debt (251)				
N/A	0	0	0	2
Total			0	

CAPITAL PAID IN BY MUNICIPALITY (ACCT. 200)

Report each item (when individually or when like items are combined) greater than \$10,000 (class AB), \$5,000 (class C) and \$2,000 (class D, sewer and privates) and all other lesser amounts grouped as Miscellaneous. Describe fully using other than account titles.

Particulars (a)	Amount (b)
Balance first of year	0 1
Changes during year (explain):	
NONE	0 2
Balance end of year	<u>0</u>

BONDS (ACCT. 221)

1. Report hereunder information required for each separate issue of bonds.
2. If there is more than one interest rate for an aggregate obligation issue, average the interest rates and report one rate.
3. Proceeds advanced by the municipality from sale of general obligation bonds, if repayable by utility, should be included in account 223.

Description of Issue (a)	Date of Issue (b)	Final Maturity Date (c)	Interest Rate (d)	Principal Amount End of Year (e)	
1-REVENUE BONDS-GMAC CREDIT-02	09/26/1972	01/01/2012	5.00%	194,000	1
2-REVENUE BONDS-GMAC CREDIT-05	12/29/1983	01/01/2018	5.00%	204,000	2
4-REVENUE BONDS-USDA-06	06/20/1996	06/01/2036	4.88%	123,000	3
3-REVENUE BONDS-USDA-01	06/20/1996	06/01/2036	4.88%	328,500	4
2-REVENUE BONDS-USDA-03	06/20/1996	06/01/2036	4.88%	128,900	5
1-REVENUE BONDS-USDA-05	06/20/1996	06/01/2036	4.88%	160,400	6
Total Bonds (Account 221):				1,138,800	

NOTES PAYABLE & MISCELLANEOUS LONG-TERM DEBT

- 1. Report each class of debt included in Accounts 223, 224 and 231.
- 2. Proceeds of general obligation issues, if subject to repayment by the utility, should be included in Account 223.
- 3. If there is more than one interest rate for an aggregate obligation issue, average the interest rates and report one rate.

Account and Description of Obligation (a and b)	Date of Issue (c)	Final Maturity Date (d)	Interest Rate (e)	Principal Amount End of Year (f)
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NONE

TAXES ACCRUED (ACCT. 236)

Particulars (a)	Amount (b)	
Balance first of year	982	1
Accruals:		
Charged water department expense	1,333	2
Charged electric department expense	0	3
Charged sewer department expense	1,829	4
Other (explain):		
PAYROLL TAXES F/W, MCARE, FICA, S/W	8,748	5
Total Accruals and other credits	11,910	
Taxes paid during year:		
County, state and local taxes	1,698	6
Social Security taxes	9,647	7
PSC Remainder Assessment	85	8
Other (explain):		
NONE	0	9
Total payments and other debits	11,430	
Balance end of year	1,462	

INTEREST ACCRUED (ACCT. 237)

1. Report below interest accrued on each utility obligation.
 2. Report Customer Deposits under Account 231.

Description of Issue (a)	Interest Accrued Balance First of Year (b)	Interest Accrued During Year (c)	Interest Paid During Year (d)	Interest Accrued Balance End of Year (e)	
Bonds (221)					
GMAC CREDIT BONDS	0	20,450	20,450	0	1
USDA BONDS	2,992	36,265	36,264	2,993	2
Subtotal	2,992	56,715	56,714	2,993	
Advances from Municipality (223)					
NONE	0	0	0	0	3
Subtotal	0	0	0	0	
Other long-Term Debt (224)					
NONE	0	0	0	0	4
Subtotal	0	0	0	0	
Notes Payable (231)					
NONE	0	0	0	0	5
Subtotal	0	0	0	0	
Total	2,992	56,715	56,714	2,993	

CONTRIBUTIONS IN AID OF CONSTRUCTION (ACCOUNT 271)

Particulars (a)	Water (b)	Electric		Sewer (e)	Gas (f)	Total (g)	
		Distribution (c)	Other (d)				
Balance First of Year	407,424	0	0	733,034	0	1,140,458	1
Add credits during year:							
For Services	250					250	2
For Mains						0	3
Other (specify):							
NONE						0	4
Deduct charges (specify):							
NONE						0	5
Balance End of Year	407,674	0	0	733,034	0	1,140,708	
Amount of federal and state grants in aid received for utility construction included in End of Year totals						0	6

BALANCE SHEET END-OF-YEAR ACCOUNT BALANCES

Report each item (when individually or when like items are combined) greater than \$10,000 (class AB), \$5,000 (class C) and \$2,000 (class D) and all other lesser amounts grouped as Miscellaneous. Describe fully using other than account titles.

Particulars (a)	Balance End of Year (b)	
Investment in Municipality (123):		
NONE	0	1
Total (Acct. 123):	0	
Other Investments (124):		
NONE	0	2
Total (Acct. 124):	0	
Special Funds (125):		
VAROUS C.D'S	45,635	3
Total (Acct. 125):	45,635	
Notes Receivable (141):		
NONE	0	4
Total (Acct. 141):	0	
Customer Accounts Receivable (142):		
Water	3,123	5
Electric		6
Sewer (Regulated)		7
Other (specify):		
NONE		8
Total (Acct. 142):	3,123	
Other Accounts Receivable (143):		
Sewer (Non-regulated)	19,321	9
Merchandising, jobbing and contract work		10
Other (specify):		
SPECIAL ASSESSMENT RECEIVABLE	3,818	11
Total (Acct. 143):	23,139	
Receivables from Municipality (145):		
DELINQUENT ACCOUNTS - 1998	12,358	12
Total (Acct. 145):	12,358	
Prepayments (165):		
INSURANCE	2,918	13
Total (Acct. 165):	2,918	
Extraordinary Property Losses (182):		
NONE		14
Total (Acct. 182):	0	
Other Deferred Debits (183):		
WATER	5,807	15
Total (Acct. 183):	5,807	

BALANCE SHEET END-OF-YEAR ACCOUNT BALANCES

Report each item (when individually or when like items are combined) greater than \$10,000 (class AB), \$5,000 (class C) and \$2,000 (class D) and all other lesser amounts grouped as Miscellaneous. Describe fully using other than account titles.

Particulars (a)	Balance End of Year (b)
<hr/>	
Payables to Municipality (233):	
NONE	16
Total (Acct. 233):	0
<hr/>	
Other Deferred Credits (253):	
NONE	17
Total (Acct. 253):	0
<hr/>	

RETURN ON RATE BASE COMPUTATION

1. The data used in calculating rate base are averages.
2. Calculate those averages by summing the first-of-year and the end-of-year figures for each account and then dividing the sum by two.
3. Note: Do not include property held for future use or construction work in progress with utility plant in service. These are not rate base components.

Average Rate Base (a)	Water (b)	Electric (c)	Sewer (d)	Gas (e)	Total (f)	
Add Average:						
Utility Plant in Service	956,806	0	0	0	956,806	1
Materials and Supplies	1,305	0	0	0	1,305	2
Other (specify):						
NONE					0	3
Less Average:						
Reserve for Depreciation	144,469	0	0	0	144,469	4
Customer Advances for Construction					0	5
Contributions in Aid of Construction	407,549	0	0	0	407,549	6
Other (specify):						
NONE					0	7
Average Net Rate Base	406,093	0	0	0	406,093	
Net Operating Income	9,906	0	0	0	9,906	8
Net Operating Income as a percent of Average Net Rate Base						
	2.44%	N/A	N/A	N/A	2.44%	

RETURN ON PROPRIETARY CAPITAL COMPUTATION

1. The data used in calculating proprietary capital are averages.
 2. Calculate those averages by summing the first-of-year and end-of-year figures for each account and then dividing by two.

Description (a)	Amount (b)	
Average Proprietary Capital		
Capital Paid in by Municipality	0	1
Appropriated Earned Surplus	0	2
Unappropriated Earned Surplus	(241,200)	3
Other (Specify):		
NONE		4
Total Average Proprietary Capital	(241,200)	
Net Income		
Net Income	(10,417)	5
Percent Return on Proprietary Capital	N/A	

IMPORTANT CHANGES DURING THE YEAR

Report changes of any of the following types:

1. Acquisitions.

None

2. Leaseholder changes.

None

3. Extensions of service.

None

4. Estimated changes in revenues due to rate changes.

None

5. Obligations incurred or assumed, excluding commercial paper.

None

6. Formal proceedings with the Public Service Commission.

None

7. Any additional matters.

None

FINANCIAL SECTION FOOTNOTES

Income Statement (Page F-01)

None

Identification and Ownership (Page iv)

July 22, 1999

Mr. John Barron, Utility Commissioner
Phelps Sanitary District No. 1
P.O. Box 227
Phelps, WI 54554-0227

1998 Analytical Review DWCCA-4630-PJL

Dear Mr. Barron:

The Public Service Commission has completed their analytical review of your 1998 annual report. The primary purpose of our analytical review is to detect possible accounting related errors and to identify significant fluctuations from prior year's data, which are not sufficiently explained in the footnotes of your annual report.

Wis. Admin. Code § PSC 185.76 requires periodic testing of customer meters to ensure their accuracy. In reviewing the annual reports we determined that not all of your water meters have been tested at the appropriate frequency. If these meters become inaccurate, considerable revenues are lost. During 1999 we advise your utility to test its meters in compliance with PSC 185.76. If you have questions concerning this matter, please contact Bruce Schmidt of our staff at (608) 266-5726.

Thank you for your efforts in preparing your 1998 annual report. You may consider our review closed. If you have any questions, please feel free to contact me at (608) 267-9198.

Sincerely,

Peter J. Leege
Financial Specialist
Division of Water, Compliance, and Consumer Affairs

PJL:tlk:w:\compl\analytical review letters\July 22 1999 rev letters L 2.doc

WATER OPERATING REVENUES & EXPENSES

Particulars (a)	Amounts (b)	
Operating Revenues		
Sales of Water		
Sales of Water (460-467)	49,663	1
Total Sales of Water	49,663	
Other Operating Revenues		
Forfeited Discounts (470)	645	2
Other Water Revenues (474)	15,784	3
Amortization of Construction Grants (475)	0	4
Total Other Operating Revenues	16,429	
Total Operating Revenues	66,092	
Operation and Maintenance Expenses		
Plant Operation and Maintenance Expenses (600-660)	17,849	5
General Operating Expenses (680-690)	18,068	6
Total Operation and Maintenance Expenses	35,917	
Other Operating Expenses		
Depreciation Expense (403)	18,936	7
Amortization Expense (404)	0	8
Taxes (408)	1,333	9
Total Other Operating Expenses	20,269	
Total Operating Expenses	56,186	
NET OPERATING INCOME	9,906	

WATER OPERATING REVENUES - SALES OF WATER

1. Where customer meters record cubic feet, multiply by 7.48 to obtain number of gallons.
2. Report estimated gallons for unmetered sales.
3. Sales to multiple dwelling buildings through a single meter serving 3 or more family units should be classified commercial.
4. Bulk sales should be account 460.

Particulars (a)	Average No. Customers (b)	Thousands of Gallons of Water Sold (c)	Amounts (d)	
Operating Revenues				
Sales of Water				
Unmetered Sales to General Customers (460)				
Residential				1
Commercial				2
Industrial				3
Total Unmetered Sales to General Customers (460)	0	0	0	
Metered Sales to General Customers (461)				
Residential	142	5,332	23,204	4
Commercial	23	1,402	7,331	5
Industrial	1	0		6
Total Metered Sales to General Customers (461)	166	6,734	30,535	
Private Fire Protection Service (462)				
Public Fire Protection Service (463)	1		17,245	8
Other Sales to Public Authorities (464)	12	2,802	1,883	9
Sales to Irrigation Customers (465)				10
Sales for Resale (466)		0	0	11
Interdepartmental Sales (467)				12
Total Sales of Water	179	9,536	49,663	

SALES FOR RESALE (ACCT. 466)

Use a separate line for each delivery point.

Customer Name (a)	Point of Delivery (b)	Thousands of Gallons Sold (c)	Revenues (d)
N/A	N/A		1
Total		<u>0</u>	<u>0</u>

OTHER OPERATING REVENUES (WATER)

1. Report revenues relating to each account and fully describe each item using other than the account title.
2. Report each item (when individually or when like items are combined) greater than \$10,000 (class AB), \$5,000 (class C) and \$2,000 (class D and privates) and all other lesser amounts grouped as Miscellaneous.
3. For a combined utility which also provides sewer service that is based upon water readings, report the return on net investment in meters charged to sewer department in Other Water Revenues (474).

Particulars (a)	Amount (b)	
Public Fire Protection Service (463):		
Amount billed (usually per rate schedule F-1)	17,245	1
Wholesale fire protection billed		2
Amount billed for fighting fires outside utility's service areas (usually per rate schedule F-2 or BW-1)		3
Other (specify):		
NONE		4
Total Public Fire Protection Service (463)	17,245	
Forfeited Discounts (470):		
Customer late payment charges	645	5
Other (specify):		
NONE		6
Total Forfeited Discounts (470)	645	
Other Water Revenues (474):		
Return on net investment in meters charged to sewer department	697	7
Other (specify):		
PROPERTY TAX LEVY, METER TURN-ON, LEASE INCOME	15,087	8
Total Other Water Revenues (474)	15,784	
Amortization of Construction Grants (475):		
NONE	0	9
Total Amortization of Construction Grants (475)	0	

WATER OPERATION & MAINTENANCE EXPENSES

Each expense account that has an increase or a decrease when compared to the previous year of greater than 30 percent, but not less than \$2,000, shall be fully explained in the schedule footnotes.

Particulars (a)	Amount (b)	
PLANT OPERATION AND MAINTENANCE EXPENSES		
Salaries and Wages (600)	7,692	1
Purchased Water (610)	0	2
Fuel or Power Purchased for Pumping (620)	2,375	3
Chemicals (630)	1,185	4
Supplies and Expenses (640)	3,705	5
Repairs of Water Plant (650)	1,546	6
Transportation Expenses (660)	1,346	7
Total Plant Operation and Maintenance Expenses	17,849	
 GENERAL OPERATING EXPENSES		
Administrative and General Salaries (680)	4,452	8
Office Supplies and Expenses (681)	1,989	9
Outside Services Employed (682)	7,251	10
Insurance Expense (684)	1,312	11
Employees Pensions and Benefits (686)	2,537	12
Regulatory Commission Expenses (688)	0	13
Miscellaneous General Expenses (689)	527	14
Uncollectible Accounts (690)	0	15
Total General Operating Expenses	18,068	
 Total Operation and Maintenance Expenses	 35,917	

TAXES (ACCT. 408 - WATER)

When allocation of taxes is made between departments, explain method used.

Description of Tax (a)	Method Used to Allocate Between Departments (b)	Amount (c)	
Property Tax Equivalent	N.A		1
Less: Local and School Tax Equivalent on Meters Charged to Sewer Department			2
Net property tax equivalent		0	
Social Security		1,248	3
PSC Remainder Assessment		85	4
Other (specify): NONE			5
Total tax expense		<u>1,333</u>	

WATER UTILITY PLANT IN SERVICE

1. All adjustments, corrections and reclassifications should be reported in Column (f), Adjustments.
2. Explain fully as a schedule footnote the nature of all entries reported in Column (f), Adjustments.
3. Explain as a schedule footnote the dollar additions and retirements reported in Columns (c) and (e) for each account over \$10,000 not supported by statistical schedules.
4. Use only the account titles listed. If the utility has subaccounts other than account 372.1, combine them into one total and detail by subaccount as a schedule footnote.

Accounts (a)	Balance First of Year (b)	Additions During Year (c)	
INTANGIBLE PLANT			
Organization (301)	0		1
Franchises and Consents (302)	0		2
Miscellaneous Intangible Plant (303)	0		3
Total Intangible Plant	0	0	
SOURCE OF SUPPLY PLANT			
Land and Land Rights (310)	4,499		4
Structures and Improvements (311)	146,159		5
Collecting and Impounding Reservoirs (312)	0		6
Lake, River and Other Intakes (313)	0		7
Wells and Springs (314)	141,002		8
Infiltration Galleries and Tunnels (315)	0		9
Supply Mains (316)	130,192		10
Other Water Source Plant (317)	0		11
Total Source of Supply Plant	421,852	0	
PUMPING PLANT			
Land and Land Rights (320)	0		12
Structures and Improvements (321)	12,968		13
Boiler Plant Equipment (322)	0		14
Other Power Production Equipment (323)	0		15
Steam Pumping Equipment (324)	0		16
Electric Pumping Equipment (325)	121,536	2,197	17
Diesel Pumping Equipment (326)	0		18
Hydraulic Pumping Equipment (327)	0		19
Other Pumping Equipment (328)	3,274		20
Total Pumping Plant	137,778	2,197	
WATER TREATMENT PLANT			
Land and Land Rights (330)	0		21
Structures and Improvements (331)	0		22
Water Treatment Equipment (332)	25,290		23
Total Water Treatment Plant	25,290	0	
TRANSMISSION AND DISTRIBUTION PLANT			
Land and Land Rights (340)	436		24
Structures and Improvements (341)	0		25

WATER UTILITY PLANT IN SERVICE (cont.)

Accounts (d)	Retirements During Year (e)	Adjustments Increase or (Decrease) (f)	Balance End of Year (g)
INTANGIBLE PLANT			
Organization (301)			0 1
Franchises and Consents (302)			0 2
Miscellaneous Intangible Plant (303)			0 3
Total Intangible Plant	0	0	0
SOURCE OF SUPPLY PLANT			
Land and Land Rights (310)			4,499 4
Structures and Improvements (311)			146,159 5
Collecting and Impounding Reservoirs (312)			0 6
Lake, River and Other Intakes (313)			0 7
Wells and Springs (314)			141,002 8
Infiltration Galleries and Tunnels (315)			0 9
Supply Mains (316)		(112,414)	17,778 10
Other Water Source Plant (317)			0 11
Total Source of Supply Plant	0	(112,414)	309,438
PUMPING PLANT			
Land and Land Rights (320)			0 12
Structures and Improvements (321)			12,968 13
Boiler Plant Equipment (322)			0 14
Other Power Production Equipment (323)			0 15
Steam Pumping Equipment (324)			0 16
Electric Pumping Equipment (325)			123,733 17
Diesel Pumping Equipment (326)			0 18
Hydraulic Pumping Equipment (327)			0 19
Other Pumping Equipment (328)			3,274 20
Total Pumping Plant	0	0	139,975
WATER TREATMENT PLANT			
Land and Land Rights (330)			0 21
Structures and Improvements (331)			0 22
Water Treatment Equipment (332)			25,290 23
Total Water Treatment Plant	0	0	25,290
TRANSMISSION AND DISTRIBUTION PLANT			
Land and Land Rights (340)			436 24
Structures and Improvements (341)			0 25

WATER UTILITY PLANT IN SERVICE

1. All adjustments, corrections and reclassifications should be reported in Column (f), Adjustments.
2. Explain fully as a schedule footnote the nature of all entries reported in Column (f), Adjustments.
3. Explain as a schedule footnote the dollar additions and retirements reported in Columns (c) and (e) for each account over \$10,000 not supported by statistical schedules.
4. Use only the account titles listed. If the utility has subaccounts other than account 372.1, combine them into one total and detail by subaccount as a schedule footnote.

Accounts (a)	Balance First of Year (b)	Additions During Year (c)	
TRANSMISSION AND DISTRIBUTION PLANT			
Distribution Reservoirs and Standpipes (342)	24,963		26
Transmission and Distribution Mains (343)	236,353		27
Fire Mains (344)	0		28
Services (345)	46,578	3,953	29
Meters (346)	10,346	506	30
Hydrants (348)	29,576		31
Other Transmission and Distribution Plant (349)	0		32
Total Transmission and Distribution Plant	348,252	4,459	
GENERAL PLANT			
Land and Land Rights (370)	0		33
Structures and Improvements (371)	9,812		34
Office Furniture and Equipment (372)	132		35
Computer Equipment (372.1)	1,971	1,305	36
Transportation Equipment (373)	5,257		37
Other General Equipment (379)	2,614		38
Other Tangible Property (390)	0		39
Total General Plant	19,786	1,305	
Total utility plant in service directly assignable	952,958	7,961	
Common Utility Plant Allocated to Water Department	0		40
Total utility plant in service	952,958	7,961	

WATER UTILITY PLANT IN SERVICE (cont.)

Accounts (d)	Retirements During Year (e)	Adjustments Increase or (Decrease) (f)	Balance End of Year (g)
TRANSMISSION AND DISTRIBUTION PLANT			
Distribution Reservoirs and Standpipes (342)			24,963 26
Transmission and Distribution Mains (343)		112,414	348,767 27
Fire Mains (344)			0 28
Services (345)			50,531 29
Meters (346)	265		10,587 30
Hydrants (348)			29,576 31
Other Transmission and Distribution Plant (349)			0 32
Total Transmission and Distribution Plant	265	112,414	464,860
GENERAL PLANT			
Land and Land Rights (370)			0 33
Structures and Improvements (371)			9,812 34
Office Furniture and Equipment (372)			132 35
Computer Equipment (372.1)			3,276 36
Transportation Equipment (373)			5,257 37
Other General Equipment (379)			2,614 38
Other Tangible Property (390)			0 39
Total General Plant	0	0	21,091
Total utility plant in service directly assignable	265	0	960,654
Common Utility Plant Allocated to Water Department			0 40
Total utility plant in service	265	0	960,654

SOURCE OF SUPPLY, PUMPING AND PURCHASED WATER STATISTICS

Month (a)	Sources of Water Supply			Total Gallons All Methods (000's) (e)	
	Purchased Water Gallons (000's) (b)	Surface Water Gallons (000's) (c)	Ground Water Gallons (000's) (d)		
January			1,761	1,761	1
February			1,704	1,704	2
March			1,890	1,890	3
April			1,876	1,876	4
May			1,834	1,834	5
June			1,278	1,278	6
July			1,745	1,745	7
August			2,159	2,159	8
September			1,764	1,764	9
October			1,704	1,704	10
November			1,639	1,639	11
December			1,102	1,102	12
Total for year	0	0	20,456	20,456	
Less: Measured or estimated water used in main flushing and water treatment during year				50	13
Less: Other utility use					14
Other utility use explanation:					15
Water pumped into distribution system				20,406	16
Less: Water sold				9,536	17
Losses and unaccounted for				10,870	18
Percent unaccounted for to the nearest whole percent (%)				53%	19
If more than 25%, indicate causes and state what action has been taken to reduce water loss:					20
2-LEAKS WERE LOCATED ON PRIVATE PROPERTY: ONE IN MAY AND ONE IN DEC. PUMPAGE HAS BEEN REDUCED BY 50% SINCE DEC. 98 / REPAIRS					
Maximum gallons pumped by all methods in any one day during reporting year				105	21
Date of maximum: 7/26/1998					22
Cause of maximum:					23
DRY LAWNS, BASEBALL TOURNEY, ETC.					
Minimum gallons pumped by all methods in any one day during reporting year				24	24
Date of minimum: 12/24/1998					25
Total KWH used for pumping for the year				14,339	26
If water is purchased: Vendor Name:					27
Point of Delivery:					28

SOURCES OF WATER SUPPLY - GROUND WATERS

Location (a)	Identification Number (b)	Depth in feet (c)	Well Diameter in inches (d)	Yield Per Day in gallons (e)	Currently In Service? (f)	
TOWN WELL NO. 1	.001	75	10	432,000	Yes	1
TOWN WELL NO. 2	.002	101	10	518,400	Yes	2

SOURCES OF WATER SUPPLY - SURFACE WATERS

Location (a)	Intakes				Diameter in inches (e)
	Identification Number (b)	Distance From Shore in feet (c)	Depth Below Surface in feet (d)	Diameter in inches (e)	
N/A	N/A	0	0	0	1

PUMPING & POWER EQUIPMENT

1. Use a separate column for each pump.
2. Indicate purpose of pump by: P for primary (from source to reservoir, treatment or distribution system), B for booster (from reservoir or treatment to distribution system, or within distribution system), or S for standby pumping equipment.
3. Indicate destination (of water pumped) by: R for reservoir, T for treatment or D for distribution system.

Particulars (a)	Unit A (b)	Unit B (c)	Unit C (d)	
Identification	.001	.002		1
Location	2513 HIGHWAY 17	4320 DEERSKIN RD.		2
Purpose	P	P		3
Destination	D	D		4
Pump Manufacturer	BERKLEY	GOULDS		5
Year Installed	1972	1996		6
Type	OTHER	OTHER		7
Actual Capacity (gpm)	300	400		8
Pump Motor or Standby Engine Mfr	HOLLOWSHAFT	US ELECTRIC MOTORS		9 10
Year Installed	1972	1996		11
Type	ELECTRIC	ELECTRIC		12
Horsepower	25	30		13

Particulars (a)	Unit D (b)	Unit E (c)	Unit F (d)	
Identification				14
Location				15
Purpose				16
Destination				17
Pump Manufacturer				18
Year Installed				19
Type				20
Actual Capacity (gpm)				21
Pump Motor or Standby Engine Mfr				22 23
Year Installed				24
Type				25
Horsepower				26

RESERVOIRS, STANDPIPES & WATER TREATMENT

1. Identify as R (reservoir), S (standpipe) & ET (elevated tank).
2. Use a separate column for each using additional copies if necessary.
3. Enter elevation difference between highest water level in S or ET, (or R only on an elevated site) and the water main where the connection to the storage begins branching into the distribution system.

Particulars (a)	Unit A (b)	Unit B (c)	Unit C (d)
Identification number or name	ET		1
RESERVOIRS, STANDPIPES OR ELEVATED TANKS			2
Type: R (reservoir), S (standpipe) or ET (elevated tank)	ET		3
Year constructed	1972		4
Primary material (earthen, steel, concrete, other)	STEEL		5
Elevation difference in feet (See Headnote 3.)	154		6
Total capacity in gallons	60,000		7
WATER TREATMENT PLANT			8
Disinfection, type of equipment (gas, liquid, powder, other)	LIQUID		9
Points of application (wellhouse, central facilities, booster station, other)	WELLHOUSE		10
Filters, type (gravity, pressure, other, none)	OTHER		11
Rated capacity of filter plant (m.g.d.) (note: 1,200,000 gal/day = 1.2 m.g.d.)	0.5180		12
Is a corrosion control chemical used (yes, no)?	Y		13
Is water fluoridated (yes, no)?	N		14

WATER MAINS

1. Report mains separately by pipe material, function, diameter and either within or outside the municipal boundaries.
2. Identify pipe material as: L (Lead), M (Metal for all other metal excluding lead), A (Asbestos-cement), or P (Plastic for plastic and all other non-metal excluding asbestos-cement).
3. Identify function as: T (Transmission), D (Distribution) or S (Supply).
4. Explain all reported adjustments as a schedule footnote.
5. For main additions reported in column (e), as a schedule footnote:
 - a. Explain how the additions were financed.
 - b. If assessed against property owners, explain the basis of the assessments.
 - c. If the assessments are deferred, explain.

Number of Feet								
Pipe Material (a)	Main Function (b)	Diameter in Inches (c)	First of Year (d)	Added During Year (e)	Retired During Year (f)	Adjustments Increase or (Decrease) (g)	End of Year (h)	
M	D	1.000	100	0	0	0	100	1
A	D	6.000	5,665	0	0	0	5,665	2
M	D	6.000	3,285	0	0	0	3,285	3
P	D	6.000	5,417	0	0	0	5,417	4
A	D	8.000	7,035	0	0	0	7,035	5
M	D	8.000	420	0	0	0	420	6
P	D	8.000	644	0	0	0	644	7
P	S	8.000	254	0	0	0	254	8
A	D	10.000	7,540	0	0	0	7,540	9
A	S	10.000	87	0	0	0	87	10
Total Within Municipality			30,447	0	0	0	30,447	
Total Utility			30,447	0	0	0	30,447	

WATER SERVICES

1. Explain all reported adjustments as a schedule footnote.
2. Report in column (h) the number of utility-owned services included in columns (c) through (g) which are temporarily shut off at the curb box or otherwise not in use at end of year.
3. For services added during the year in column (d), as a schedule footnote:
 - a. Explain how the additions were financed.
 - b. If assessed against property owners, explain the basis of the assessments.
 - c. If installed by a property owner or developer, explain the basis of recording the cost of the additions, the total amount and the number of services recorded under this method.
 - d. If any were financed by application of Cz-1, provide the total amount recorded and the number of services recorded under this method.
4. Report services separately by pipe material and diameter.
5. Identify pipe material as: L (Lead), M (Metal for all other metal excluding lead), A (Asbestos-cement) or P (Plastic for plastic and all other non-metal excluding asbestos-cement).

Pipe Material (a)	Diameter in Inches (b)	First of Year (c)	Added During Year (d)	Removed or Permanently Disconnected During Year (e)	Adjustments Increase or (Decrease) (f)	End of Year (g)	Utility Owned Services Not In Use at End of Year (h)	
A	0.750	169	1	0	0	170	27	1
M	1.000	33	0	0	0	33	6	2
P	1.000		5			5	1	3
M	2.000	2	0	0	0	2	2	4
Total Utility		204	6	0	0	210	36	

METERS

1. Include in Columns (b), (c), (d), (e) and (f) meters in stock as well as those in service.
2. Report in Column (c) all meters purchased during the year and in Column (d) all meters junked, sold or otherwise permanently retired during the year.
3. Use Column (e) to show correction to previously reported meter count because of inventory or property record corrections.
4. Totals by size in Column (f) should equal same size totals in Column (a).

Number of Utility-Owned Meters

Size of Meter (a)	First of Year (b)	Added During Year (c)	Retired During Year (d)	Adjustments Increase or (Decrease) (e)	End of Year (f)	Tested During Year (g)	
0.625	174	5	15	(1)	163	20	1
0.750	7	0	0	0	7	2	2
1.000	6	1	0	0	7	1	3
1.500	3	0	0	0	3	0	4
2.000	3	0	0	0	3	0	5
3.000	2	0	0	0	2	0	6
8.000	2	0	0	0	2	0	7
Total:	197	6	15	(1)	187	23	

Classification of All Meters at End of Year by Customers

Size of Meter (h)	Residential (i)	Commercial (j)	Industrial (k)	Public Authority (l)	Wholesale, Inter-Department or Utility Use (m)	In Stock and Deduct Meters (n)	Total (o)	
0.625	139	15	0	6	0	3	163	1
0.750	1	2	0	1	0	3	7	2
1.000	2	3	1	1	0	0	7	3
1.500	0	1	0	1	0	1	3	4
2.000	0	1	0	0	0	2	3	5
3.000	0	1	0	1	0	0	2	6
8.000	0	0	0	2	0	0	2	7
Total:	142	23	1	12	0	9	187	

HYDRANTS AND DISTRIBUTION SYSTEM VALVES

1. Distinguish between fire and flushing hydrants by lead size.
 - a. Fire hydrants normally have a lead size of 6 inches or greater.
 - b. Record as a flushing hydrant where the lead size is less than 6 inches or if pressure is inadequate to provide fire flow.
2. Explain all reported adjustments in the schedule footnotes.
3. Report fire hydrants as within or outside the municipal boundaries.

Hydrant Type (a)	Number In Service First of Year (b)	Added During Year (c)	Removed During Year (d)	Adjustments Increase or (Decrease) (e)	Number In Service End of Year (f)	
Fire Hydrants						
Outside of Municipality	0				0	1
Within Municipality	49				49	2
Total Fire Hydrants	49	0	0	0	49	
Flushing Hydrants						
	2				2	3
Total Flushing Hydrants	2	0	0	0	2	

Wis. Admin. Code § 185.87 requires that a schedule shall be adopted and followed for operating each system valve and hydrant at least once each two years. Report the number operated during the year

Number of hydrants operated during year:	51
Number of distribution system valves end of year:	59
Number of distribution valves operated during year:	55

WATER OPERATING SECTION FOOTNOTES

Water Utility Plant in Service (Page W-08)

Per the PSC's Direction the following adjusting entry was requested:

W-Transmis. & Dist. Mains (343)	112,414.09	
W-Supply Mains (316)		112,414.09

Water Services (Page W-16)

Supplies taken out of inventory

Meters (Page W-17)

Meters were incorrectly reported last year.
